



Senator Dennis Egan

**Senate Bill 212  
Sponsor Statement**

**Municipal Energy Improvements**

Senate Bill 212 gives municipalities a tool to help make homes and businesses more energy efficient. By letting municipalities establish tax lien-based financing programs, the bill helps create jobs, retrofit our built environment and create more sustainable communities.

A municipality that chose to participate could create a special financing district. That district would then issue a bond. Commercial and residential property owners borrow money from the district and make improvements to their homes, businesses and equipment. Owners then make repayments over an extended period through a special annual tax surcharge. Repayments will pay the principal and interest on the bond.

Energy financing districts are a powerful financing tool. Homeowners, businesses, and landlords could borrow funds for energy efficiency and small renewable energy projects. This influx of energy efficiency construction will put Alaska's small and medium-sized contractors to work, generating sustainable, high-quality jobs today while saving Alaskans money into the future.

This innovative financing scheme is friendly to property owners. The benefits and costs of the energy improvement work are attached to the property itself. The obligation is a tax assessment on the property that runs with the property even through an ownership transfer.

The program is optional for municipalities, depending on how relevant the program is to their community needs. Local governments set the interest rate and length of time for repayment.

At least fifteen states have enabling legislation for energy financing districts. Alaskans will be well served by this bill.